

Message Text

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PAGE 01 MONTEV 01596 121543Z

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ACTION XMB-07

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FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC 6715

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E.O. 11652: N/A

TAGS: EGEN, UY

SUBJ: DENIAL POLITICAL RISK COVERAGE FOR J.I. CASE

EXPORTS LI URUGUAY

1. J.I. CASE AREA SALES FINACE MANAGER L C AGUILERA AND OFFICIALS LOCAL CASE REPRESENTATIVE FPAI I.F. HERNANDEZ ICARDI, CALLED AT EMBASSY TO EXPRESS CONCERN OVER RECENT DENIAL POLITICAL RISK COVERAGE BY EXIMBANK FOR US\$500,000 IN EXPORTA BY CASE TO ICARDI.

2. AGUILERA BELIEVES DENIAL MAY BE CONNECTED WITH CONFUSION ORIGINATING IN SWAP TRANSACTION BY CASE WITH CENTRAL BANK OF URUGUAY IN MAY 1973 WHICH INCLUDED LARGE NUMBER OF CLAIMS COLLECTED BY CASE FROM EXIMBANK UNDER POLITICAL RISK COVERAGE. EMBASSY RECENTLY REPORTED THESE SWAPS WHICH WERE INCLUDED IN EXIMBANK SCHEDULE II OF CLAIMS OUTSTANDING FOR ISSUANCE OF CENTRAL BANK NOTES UNDER CIRCULAR 409. AGUILERA SUBSEQUENTLY DISCUSSED THE SWAP WITH MESSRS. BOGDANOFF AND VATTER OF EXIMBANK.

3. ACCORDING TO CASE AND ICARDI, THERE WAS NO WAY TO SEGREGATE TRANSACTIONS AT THE TIME OF THE SWAP. MANY WERE NOT INCLUDED AND CENTRAL BANK SELECTED THOSE TO BE COVERED. BECAUSE OF THIS PROBLEM, AGUILERA STATES HE DISCUSSED SITUATION WITH JACK BIERMAN OF EXIMBANK WHO CNCURRED WITH SWAP ARRANGEMENT. GIVEN THE SITUATION

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PAGE 02 MONTEV 01596 121543Z

WITHIN CENTRAL BANK, WHICH CONTINUES TO DATE, EMBASSY BELIEVES

CASE WAS UNABLE OBTAIN SEGREGATION OF ACCOUNTS AND ALSO BELIEVES IT WOULD BE DIFFICULT IF NOT FUTILE TO ATTEMPT RE-CONSTRUCT WITH CENTRAL BANK REASONS WHY SEGREGATION OF ACCOUNTS NOT POSSIBLE. IMPORTANT POINT IN OUR VIEW IS WHETHER CASE INFORMED EXIMBANK AND RECEIVED AT LEAST TACIT APPROVAL.

4. CASE HAS RECEIVED CENTRAL BANK NOTES FOR UNSECURED CREDITS WHICH AGUILERA SAYS COMPANY IS WILLING ENDORSE TO EXIMBANK IN AOUNT EQUIVALENT TO CLAIMS PAID. HE WILL DISCUSS SITUATION WITH EXIMBANK WHEN IN WASHINGTON WEEK OF JUNE 17.

5. IN INTEREST OF U.S. EXPORTS TOURUGUAY OF FARM EQUIPMENT BADLY NEEDED IN THIS COUNTRY AND EXCELLENT CREDIT STANDING OF ICARDI, EMBASSY WOULD APPRECIATE EXIMBANK RECONSIDERATION OF POLITICAL RISK COVERAGE OF CASE EXPORTS TO URUGUAY.

6. COPY OF ICARDI'S LETTER WITH ATTACHMENTS CONCERNING SWAP ARRANGEMENT POUCHED BOGDANOFF.
SIRACUSA

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Message Attributes

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